

Grant Financing:

Joe Myre
North Iowa Area Council of Governments
525 6th ST SW
Mason City, IA 50401
641.423.0491

Mr. Myre would be able to verify that the City of Ventura has secured funding with The Federal Transportation Enhancement Funds for recreational trail, decorative lighting and sidewalk improvements. These funds were campaigned for years in advance of the project.
Amount secured: \$188,000

David Little
Department of Transportation
District 2 Office
1420 Fourth St. S.E.
Mason City, IA 50401-4438
800.477.4368
david.little@dot.iowa.gov

Mr. Little would be able to verify that the City of Ventura has secured \$200,000 of Surface Transportation Project (STP) funding slated for fiscal year 2010-2011.

The Bond Financing has already been addressed in this application several times. This will be done after the project is put to bid and an exact amount is determined. The figures that have been supplied in this grant are preliminary estimates that have been supplied by the engineer.

Special Assessments are part of the financing package and will be administered according to the street assessment policy that was used in the last two street projects. Please refer to the project schedule for the timeline of completing the assessment schedule.

Below is a letter from the Engineer that provides details for bonding capacity and preliminary financing. The Council did approve the engineering contract to include Main Street and later West Lake Street.

**VEENSTRA & KIMM, INC.**

2800 Fourth Street SW, Suite 9 • Mason City, Iowa 50401-1596
641-421-8008 • 641-380-0313(FAX) • 877-241-8008(WATS)

November 21, 2008

Ms. Else B. Taylor
City Clerk
City of Ventura
City Hall
101 Sena Street
P.O. Box 230
Ventura, IA 50482

EXISTING DEBT AND BONDING CAPACITY
2010 MAIN STREET RECONSTRUCTION PROJECT
VENTURA, IA
39312

Dear Else:

This letter is offered in response to your fax communication of November 12, 2008. It is understood that the City Council is seriously considering constructing the West Lake Street Improvements along with the Main Street Improvements for which Veenstra & Kimm, Inc. is already under contract to design.

Below is a summary of the Source and Use Statement which was updated October 15, 2008. For each of the two projects (Main Street and West Lake Street) the Total Inflation Adjusted Estimated Project Cost have been adjusted to reflect other funding sources such as STP, Federal Transportation Enhancement Funds, Special Assessments, and General City Funds.

Use / Source	Main Street Project	West Lake Street Project	Total Both Projects
Total Inflation Adjusted Estimated Project Cost:	\$1,453,700	\$1,722,600	\$3,176,300
Less STP Funding:	-\$200,000	-\$0	-\$200,000
Less Federal Transportation Enhancement Funding:	-\$188,000	-\$0	-\$188,000
Less Special Assessment Funding:	-\$201,600	-\$240,300	-\$441,900
Less General City Funds:	-\$100,000	-\$0	-\$100,000
General Obligation Bond Funding Needed	\$764,100	\$1,482,300	\$2,246,400

As you can see it is estimated that there will be a need for approximately \$764,100 in GO funding for the Main Street Project and approximately \$1,482,300 in GO funding for the West Lake Street Project. This results in a need for General Obligation Debt Funding of approximately \$2,246,400 in total.

As discussed previously, the Code of Iowa stipulates that the constitutional debt limit for any community is not to exceed 5% of the 100% assessed valuation of properties within the community. Based on the Cerro Gordo County January 1, 2007 100% Valuation Report with Military Exemptions Deducted (copy enclosed), the City of Ventura has approximately \$67,030,000 of assessed valuation. The Cerro Gordo County Courthouse advises updated assessed valuation figures will be available by the end of next month. Factoring the total assessed valuation by 5% results in a constitutional debt limit capacity of \$3,350,000.

Most communities then typically reserve anywhere from 20% - 40% of their constitutional debt capacity for emergencies and other unforeseen needs. Depending how aggressive or conservative the City Council wants to be, the debt capacity available would range from approximately just over \$2.0 million to almost \$2.7 million as shown below.

GO Bonding Strategy	Self Imposed GO Funding Limit	Less Existing Outstanding Debt As Of July 1, 2010	Estimated Available GO Capacity Available
60% of \$3,350,000	\$2,010,000	\$270,000	\$1,740,000
65% of \$3,350,000	\$2,177,500	\$270,000	\$1,907,500
70% of \$3,350,000	\$2,345,000	\$270,000	\$2,075,000
75% of \$3,350,000	\$2,512,500	\$270,000	\$2,242,500
80% of \$3,350,000	\$2,680,000	\$270,000	\$2,410,000

As you can see from this table, the \$270,000 of existing outstanding debt as of July 1, 2010 has also been taken into account. This outstanding debt is as you estimated for both the Community Center (\$115,000) and the dredging project (\$155,000). Taking into account the existing outstanding debt, the amount of available GO Bonding capacity would range from approximately \$1.74 million to \$2.41 million depending upon how aggressive or conservative the City wants to be in utilizing it's debt capacity for these street projects.

It appears that in order to meet the total GO debt needs of \$2,246,400 as identified earlier, the City would need to use just over 75% of its total GO debt capacity to fund both the Main Street Project and West Lake Street Project.

Ms. Else B. Taylor
November 21, 2008
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Veenstra & Kimm, Inc.'s experience is that smaller communities will often utilize 80% and sometimes more of their debt capacity on a single large improvement project such as this. Some communities have been known to use 90% or more of their existing constitutional debt capacity. It simply becomes a matter of how conservative the City Council wants to be in reserving some debt capacity for future needs.

Hopefully this information will be of some help for the City Council in deciding whether or not they wish to proceed with only the Main Street Project at this time or both the Main Street and West Lake Street Projects.

I will plan to visit with you and the City Council regarding this matter in more detail at your November 24, 2008 Council meeting. Please feel free to call if you have any questions or need additional assistance with this matter.

Sincerely,

VEENSTRA & KIMM, INC.

**Original Signed By
Timothy A. Moreau, P.E.**

Timothy A. Moreau, P.E.
Project Manager

Enclosures: